

ANALYSIS OF MEDICAID OPERATIONAL DATA

**Second Quarter
Fiscal Year 1982**

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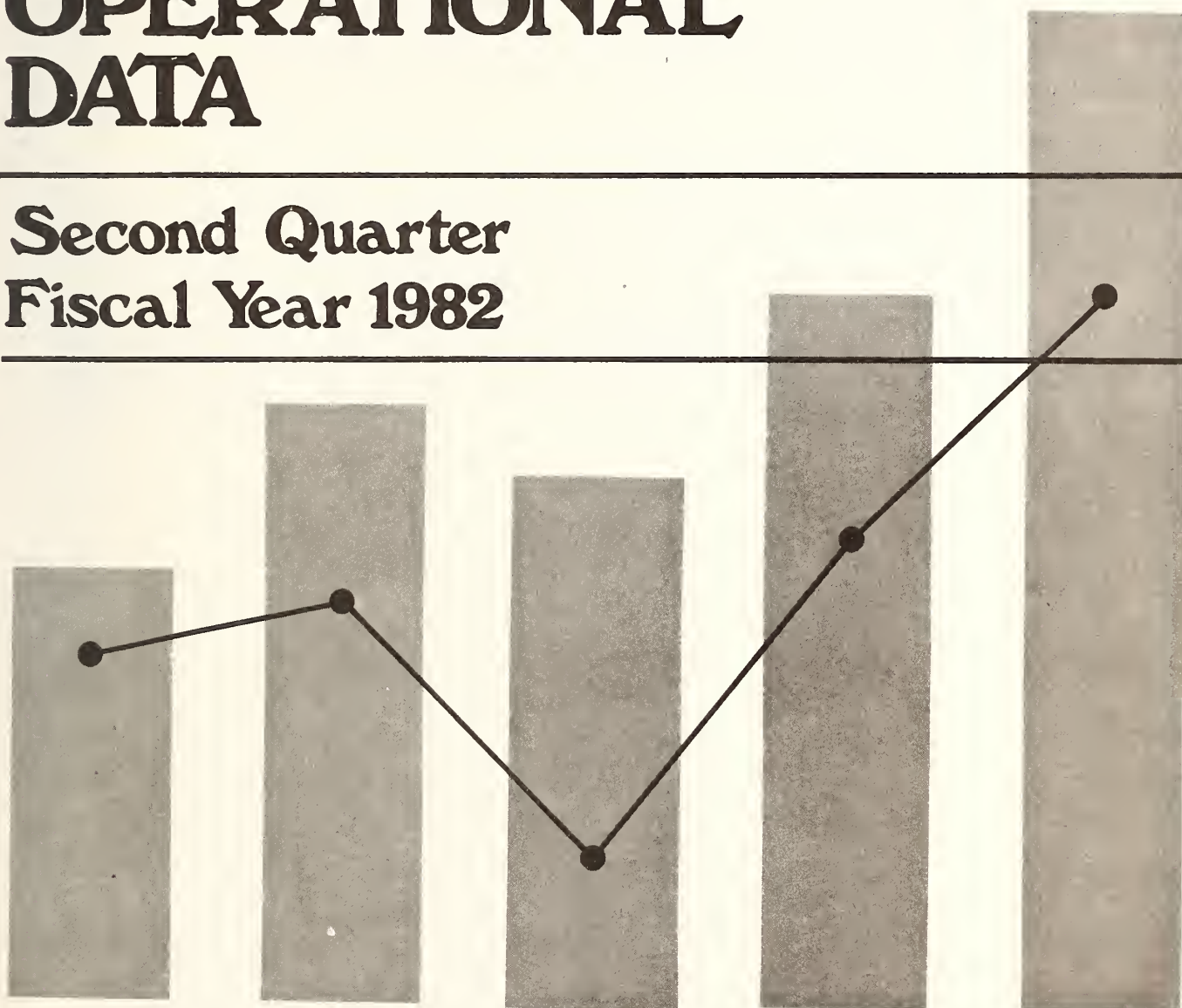


HEALTH CARE FINANCING ADMINISTRATION
BUREAU OF PROGRAM OPERATIONS
Office of Standards and Performance Evaluation

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ANALYSIS OF MEDICAID OPERATIONAL DATA

Second Quarter Fiscal Year 1982



HEALTH CARE FINANCING ADMINISTRATION
BUREAU OF PROGRAM OPERATIONS
Office of Standards and Performance Evaluation



INTRODUCTION

The Analysis of Medicaid Operational Data report is prepared by the Bureau of Program Operations' Division of Reports and Analysis and contains selected information primarily of an operational nature compiled from financial and statistical reports submitted by the States to HCFA. This report highlights significant aspects and trends within the Medicaid program and is intended to meet the ever changing informational needs of managers by presenting analyses of selected data in areas where management expresses an interest. Since Medicaid programs are heterogeneous in nature, care should be exercised when attempting to draw conclusions involving comparisons of different Medicaid programs.

This report is issued quarterly and displays data on a quarterly basis and/or on a cumulative fiscal year-to-date basis, i.e., the second, third, and fourth quarters' totals will be the sum of the preceding quarter(s) as well as the current quarter. It should be noted that the format as well as the content of the report may change from quarter to quarter since it is our intent to address current topics of interest in operational areas. For this reason, users are invited to recommend areas for future analytical focus. Recommendations should be directed to Mr. Charles Owen, Director, Division of Reports and Analysis, OSPE/BPO, Room 1445 Meadows East Building, 6325 Security Boulevard, Baltimore, Maryland 21207.

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EXECUTIVE SUMMARY

- o Medicaid claims volumes for the two most recent quarters (October-December 1981 and January-March 1982) showed a definite decreasing trend when compared with experience for like quarters in the prior year.
 - + Cutbacks in the States' scope of services and coverage groups tend to be leading contributing factors.
- o Data for the current quarter shows that States having high average processing times generally also had high MMIS operating costs (excluding developmental costs) per claim approved for payment; States having low average processing times generally also had low MMIS operating costs (excluding developmental costs) per claim approved for payment.
 - + This is in contrast to prior periods where no relationship was found to exist between average processing times and MMIS operating costs per claim.

ANALYSIS OF MEDICAID CLAIMS WORKLOADS AND PROCESSING TIMES

Table I presents Medicaid quarterly claims volumes for the period April-June 1980 through January-March 1982 for selected States. ^{1/} Excluding States with incomplete reporting, the total claims volume for each of the four quarters in the April 1980 - March 1981 period was compared with the total claims volume for the same quarters in the April 1981 - March 1982 period. ^{2/} These comparisons showed a definite trend of decreasing claims volumes beginning with the October-December 1981 quarter. The April-June quarterly comparison (1980 with 1981) showed an increase of 8.9 percent. A smaller increase of 7.2 percent occurred between the two July-September quarters. The October-December quarters showed a decrease of .9 percent, while an even greater decrease (4.6 percent) occurred between the two January-March quarters.

An examination of State data reveals the same downward trend began even earlier for a number of States. Discussions with HCFA regional office staff regarding some of these States disclosed State cutbacks in scope of services and coverage groups as primary factors leading to the decline in workloads.

- o In Arkansas the decrease in claims volume is partially explained by a number of cost cutting revisions made in their Medicaid program which diminished their scope of services. Effective July 1981, the number of allowable physician visits was cut from 18 to 12; the adult dental care program was eliminated; the monthly number of allowable prescriptions was changed from 4 to 3; and the number of allowed days for inpatient hospital care was also changed.
- o In the State of Idaho, budget reductions during April 1980 to March 1982 contributed to the State's declining claims volumes. These reductions generated cuts in the scope of services in the prescribed drug and inpatient hospital areas and also caused the imposition of eligibility restrictions.
- o The State of Washington's declining claims workload may be partially explained by cutbacks made during August of 1981 in the scope of services and the number of eligibles. Cuts were made in chiropractors' services, podiatrists' services and EPSDT services for the medically needy. Changes were also made in the medically needy program, whereby the number of enrollees dropped from approximately 21,000 to 6,000. Additional cuts were made in the coverage of optional groups. Children under 21 but not categorically eligible and those in Washington's AFDCE program (includes the employable but not employed) were dropped from the rolls.
- o Mississippi experienced a cutback in their scope of services and a decline in their number of eligibles which affected the number of claims processed.

^{1/} Only those States that submitted data for six quarters or more during the specified time period are included in the table.

^{2/} For example, Wisconsin was not included in the April-June 1980/April-June 1981 comparison because it submitted data for only two months of the April-June 1980 quarter. Wisconsin was included, however, in all the other quarterly comparisons.

TABLE 1

Medicaid Claims Volumes for Selected States 1/

Third Quarter FY 1980 through Second Quarter FY 1982

State	Number of Claims Approved for Payment									
	April- June 1980	July- September 1980	October- December 1980	January- March 1981	April- June 1981	July- September 1981	October- December 1981	January- March 1982		
Alabama	---	---	1,798,745	1,980,355	1,879,377	1,115,528	3/	1,674,348	2,172,998	
Arkansas	1,347,993	1,256,551	1,242,079	1,383,134	1,311,816	1,187,309	1,053,693	1,246,287	1,246,287	
California	13,445,664	18,452,034	23,545,829	21,341,690	21,726,141	24,515,328	23,502,023	12,949,119	12,949,119	3/
Colorado	205,161	197,317	613,896	689,757	858,178	601,132	679,074	663,265	663,265	
Delaware	---	166,465	166,878	198,303	126,056	148,461	169,980	166,054	166,054	
Florida	2,897,446	2,904,972	3,230,867	3,074,657	3,396,938	3,047,171	3,085,454	3,097,719	3,097,719	
Georgia	2,655,888	3,024,871	2,765,255	3,167,359	3,150,221	2,907,607	2,881,171	2,360,390	2,360,390	
Hawaii	---	824,460	892,744	928,633	954,607	858,378	959,067	796,121	796,121	
Iaho	233,104	251,817	229,316	243,214	232,705	211,038	204,722	232,724	232,724	
Iowa	---	938,651	1,088,359	1,189,152	1,325,823	1,071,470	714,542	1,048,508	1,048,508	3/
Kansas	967,184	875,310	971,373	1,073,894	981,199	884,752	996,709	763,980	763,980	
Mississippi	1,667,408	1,708,088	1,593,789	1,650,803	1,453,308	1,508,009	1,387,812	1,377,258	1,377,258	
Missouri	2,234,033	2,232,979	2,328,319	2,089,994	2,496,157	2,183,302	1,470,553	2,043,025	2,043,025	3/
Nebraska	428,722	363,252	394,175	439,058	447,866	382,308	402,502	433,839	433,839	
Nevada	---	181,810	209,567	150,411	210,864	192,580	185,055	199,692	199,692	
New Hampshire	184,812	279,971	217,153	366,698	284,538	243,739	71,798	---	---	
New Jersey	3,731,583	3,571,771	3,759,389	4,045,755	3,744,026	3,437,673	3,714,361	3,329,053	3,329,053	2/
New Mexico	462,925	434,172	450,646	498,039	297,732	469,203	445,180	463,615	463,615	
North Carolina	2,480,518	2,142,471	2,019,355	2,389,771	2,356,256	2,090,135	2,211,096	1,655,515	1,655,515	
North Dakota	75,761	186,032	185,445	261,442	240,773	232,232	217,250	211,672	211,672	
Ohio	3,262,323	4,962,587	4,173,649	6,316,422	3,859,794	6,303,607	4,319,752	6,985,029	6,985,029	
Tennessee	2,910,609	2,666,449	2,757,140	2,874,377	2,820,407	2,264,301	2,309,713	---	---	
Texas	4,664,448	4,713,551	4,647,947	5,266,333	4,358,074	5,022,420	4,966,457	4,835,011	4,835,011	
Utah	334,571	358,389	353,770	435,838	447,633	381,659	282,042	358,063	358,063	
Virginia	1,974,386	1,718,316	1,916,446	1,955,064	1,841,193	2,015,123	1,930,053	1,849,219	1,849,219	
Washington	1,997,302	1,784,645	1,916,760	1,989,668	1,769,227	1,476,089	1,386,518	1,421,409	1,421,409	
Wisconsin	2,292,294	3,543,959	3,572,801	3,908,613	3,957,420	3,658,687	3,713,190	3,010,338	3,010,338	
Puerto Rico	790,298	684,852	704,092	707,957	683,690	717,947	608,811	702,515	702,515	
Virgin Islands	12,901	14,950	8,160	10,306	11,110	13,042	7,175	16,680	16,680	

1/ Only those States that submitted data for six quarters or more during the third quarter FY 1980 through second quarter FY 1982 period are included in the table.

2/ Submitted data for only one month.

3/ Submitted data for only two months.

--- Data not submitted.

Table 2 displays average quarterly Medicaid claims processing times for the period April-June 1980 through January-March 1982 for selected States. ^{1/} It shows there is no seasonal variation in average claims processing times. Most States either remained fairly constant or experienced random fluctuations with respect to their average processing times. Fluctuations may have resulted from new variables being introduced into the claims process. For example, when an MMIS first becomes operational, chances are excellent that errors will occur. The errors take time to correct, thereby increasing average processing time. Additionally, when a new type of service is added to a State's list of optional services, these claims may be kicked out of the normal claims processing cycle for further examination. The claims may pend for a while, thus increasing the average processing time.

Examination of the data in Table 2 reveals a general downward trend in average processing times in several States (Hawaii, Nevada, Mississippi, North Carolina and Tennessee) when comparing quarterly data for two consecutive years. Processing times for Arkansas and Washington showed a downward trend for three quarters and then reflected an increase in January-March 1982. The reasons being that:

- o Effective in January 1982, Arkansas amended their contract with their fiscal agent which changed the average processing time requirement from a weekly to a monthly standard. The new standard was made more lenient to help cut costs.
- o The fiscal agent in the State of Washington learned in early 1982 that their contract would not be renewed and that a different fiscal agent would be assuming Washington's claim workload effective October 1, 1982.

Table 2 also shows that during the April-June 1980 to January-March 1982 time period the State of Virginia usually had the lowest average processing time whereas the State of Ohio had the highest. Idaho showed a steady increase in processing time each quarter during this period. A probable reason for this was that the fiscal agent did not have enough people for claims work. Idaho's system is set up in such a way that all surgeon, assistant surgeon and anesthesiologist claims must be manually reviewed. Oftentimes during this period they were without a full-time physician consultant.

Table 3 presents a list of the type of claim with the lowest average processing time for each reporting State during the period January-March 1982. The most frequently occurring type of claim in this list was ICF - All Other (appeared 10 times), followed by ICF/MR (9 times), SNF (7 times) and Part B Crossover (6 times). The reason that long-term care claims have the lowest average processing times may partially be explained by the fact that most States use a

^{1/} Only those States that submitted data for six quarters or more during the specified time period are included in the table.

TABLE 2

Average Medicaid Claims Processing Times for Selected States 1/

Third Quarter FY 1980 through Second Quarter FY 1982

State	Average Days from Receipt to Adjudication											
	April- June 1980	July- September 1980	October- December 1980	January- March 1981	April- June 1981	July- September 1981	October- December 1981	January- March 1982				
Alabama	---	---	5.2	7.4	3.9	4.9	4.5	4.2				
Arkansas	12.4	11.2	8.1	7.3	7.3	6.4	6.2	7.8				
California	20.9	18.9	15.6	17.0	30.3	21.8	48.0	18.5				
Colorado	13.4	15.5	6.8	11.3	10.2	14.0	11.2	19.2				
Delaware	---	14.6	11.4	15.2	11.6	10.4	11.3	13.1				
Florida	11.4	11.8	12.9	12.8	13.3	14.1	12.2	12.7				
Georgia	14.8	16.0	12.9	15.2	16.6	13.4	14.7	17.4				
Hawaii	---	26.6	24.7	24.1	21.4	18.8	19.4	23.1				
Idaho	10.2	11.5	11.3	11.3	11.7	12.0	13.3	13.4				
Iowa	---	17.8	22.1	25.4	20.9	15.5	15.0	15.5				
Kansas	4.6	3.8	5.2	5.8	4.9	5.3	6.8	4.5				
Mississippi	25.5	19.0	19.1	24.9	19.3	16.4	14.1	17.7				
Missouri	11.8	6.5	7.7	5.7	7.1	10.0	6.1	18.7				
Nebraska	17.4	17.9	24.5	21.1	20.3	13.2	14.0	14.8				
Nevada	---	35.0	24.7	12.1	9.2	11.1	11.1	11.8				
New Hampshire	16.1	14.6	20.9	22.2	19.8	24.0	19.4	---				
New Jersey	***	8.1	10.1	10.9	9.1	7.4	8.0	8.1				
New Mexico	16.4	15.3	12.0	11.1	11.5	10.2	11.6	13.0				
North Carolina	23.9	21.1	20.0	20.8	19.2	18.3	17.7	19.0				
North Dakota	18.8	20.7	31.3	25.7	19.3	17.9	90.4	17.6				
Ohio	26.4	40.3	52.5	42.4	33.9	38.9	41.1	31.7				
Tennessee	10.3	9.4	10.3	10.8	7.1	8.3	6.8	---				
Texas	15.0	15.8	15.5	16.9	16.5	16.9	16.3	10.8				
Utah	19.4	17.0	19.2	16.8	13.8	12.2	16.5	18.8				
Virginia	4.0	3.9	4.1	4.6	4.0	4.6	3.9	4.6				
Washington	19.0	16.8	14.9	13.3	12.9	11.6	10.1	14.5				
Wisconsin	12.5	9.9	9.4	9.2	10.0	7.0	8.1	8.5				
Virgin Islands	21.0	20.9	17.5	17.4	30.5	78.2	21.3	29.3				

1/ Only those States that submitted data for six quarters or more during the third quarter FY 1980 through second quarter FY 1982 period are included in the table.

2/ Reported figure has been identified as erroneous. Correct figure is unavailable.

*** Submitted invalid data.

--- Data not submitted.

TABLE 3

Type of Claim with Lowest Average Processing Time for Each Reporting State

January-March 1982

State	Type of Claim with Lowest Average Processing Time	Average Days From Date of Receipt to Date of Adjudication	Percent of State's Total Claims Volume
All Reporting States	ICF - All Other	6.3	1.7%
Alabama	Part B Crossover	0.8	16.9
Arkansas	Early and Periodic Screening	0.1	0.4
California	Part B Crossover	5.5	18.8
Colorado	Part B Crossover	6.0	10.1
Delaware	ICF/MR	2.3	0.7
District of Columbia	Early and Periodic Screening	2.8	0.6
Florida	ICF - All Other	4.9	1.5
Georgia	ICF - All Other	1.0	2.0
	ICF/MR	1.0	0.2
	SNF	1.2	1.2
Hawaii	ICF/MR	15.1	0.1
Idaho	SNF	8.9	1.0
Illinois	ICF - All Other	7.3	1.4
Iowa	ICF - All Other	6.3	5.2
	ICF/MR	6.3	0.6
Kansas	Mental Hospital Services for the Aged	0.0*	0.0*
Maine	ICF/MR	1.8	0.6
Maryland	Outpatient Hospital	5.5	13.5
Massachusetts**	SNF	7.5	0.6
Michigan	Lab and X-ray	17.0	7.4
Minnesota	ICF/MR	2.9	1.0
Mississippi	ICF - All Other	4.0	1.5
Missouri	Part B Crossover	2.2	7.9
Nebraska	Part B Crossover	6.8	7.4
Nevada	Home Health	0.9	0.5
New Jersey	Mental Hospital Services for the Aged	3.4	0.1
New Mexico	Part B Crossover	4.0	11.9
North Carolina	ICF/MR	14.0	0.4
North Dakota	ICF - All Other	0.6	2.7
	ICF/MR	0.6	0.1
	SNF	0.6	3.1
Ohio	ICF - All Other	12.0	0.9
	SNF	12.0	0.9
Oklahoma	Family Planning	1.5	0.5
Pennsylvania	Early and Periodic Screening	3.2	0.5
South Carolina	ICF - All Other	0.1	1.8
South Dakota	SNF/ICF Mental Health Services for the Aged	2.2	0.2
Texas	SNF	3.6	0.4
Utah	ICF - All Other	0.0*	2.3
	ICF/MR	0.0*	1.0
	SNF	0.0*	0.3
Virginia	SNF/ICF Mental Health Services for the Aged	3.3	0.0*
Washington	ICF - All Other	6.0	0.2
Wisconsin	Early and Periodic Screening	5.4	0.5
Wyoming	Home Health	3.0	0.1
Virgin Islands	Lab and X-ray	15.0	0.0*

* Number is less than 0.05.

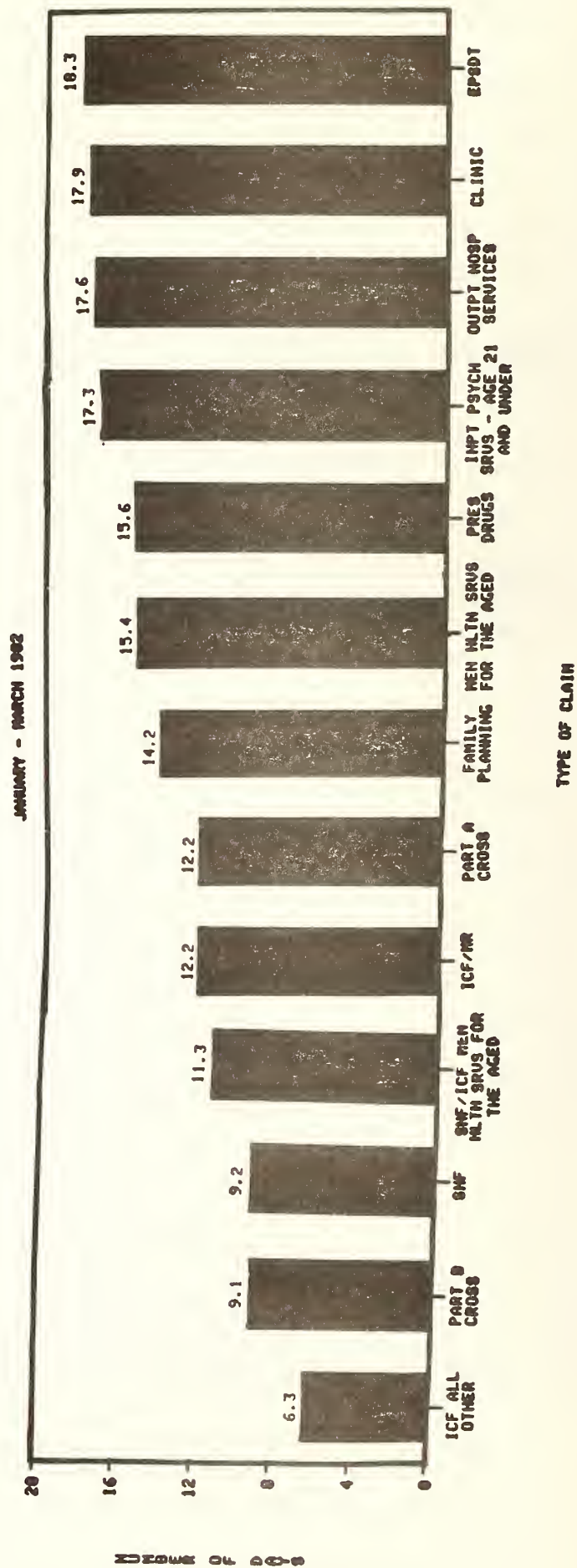
** Massachusetts Commission for the Blind data only.

computer generated ledger system to assist in the payment of SNF and ICF claims. Under this type of system, claims processing is facilitated since the State agency's computer system keeps an ongoing record of the Medicaid populations in various SNF and ICF facilities. Since the population in long term care facilities generally remain fairly stable, the claims processing is easily performed as the necessary information has already been entered into the State agency's computer system. Only changes need to be dealt with, leaving the majority of the ledger unchanged.

Table 3 also shows the claims with the lowest average processing times, with a few exceptions, constituted only a small percent of a State's total claims volume--generally less than 8 percent.

Chart A graphically depicts average processing times for the 13 most expeditiously adjudicated claims reported during the period January-March 1982. Note that although Part A Crossover claims did not appear in Table 3, this type of claim tied for fifth in the list of the types of claims with the lowest average processing times. Note also that there are other types of claims that are processed relatively expeditiously, e.g., inpatient psychiatric claims for age 21 and under and prescribed drugs, but did not rank as one of the lowest in terms of average processing times in any State during the January-March 1982 quarter.

CHART A
AVERAGE NUMBER OF DAYS FROM RECEIPT TO DATE OF
ADJUDICATION FOR THE THIRTEEN MOST EXPEDITIOUSLY
PROCESSED TYPES OF CLAIMS FOR ALL REPORTING STATES



ANALYSIS OF MEDICAID EXPENDITURES

Table 4 shows that for the October - March 1982 period total unadjusted expenditures computable for Federal funding were \$15.2 billion, an 8.3 percent increase over the corresponding period in FY 1981. Over the same period, federally matchable Medical Assistance Payments increased at a lower rate--8.3 percent--than expenditures for Administration and Training (A&T)--9.6 percent.

TABLE 4

NATIONAL FINANCIAL DATA

October 1981 - March 1982

(Dollars in Thousands)

	<u>Total</u>	<u>Percent Change 1/</u>	<u>Medical Asst. Payments</u>	<u>Percent Change 1/</u>	<u>Admin. and Training</u>	<u>Percent Change 1/</u>
Unadjusted Expenditures Computable for Federal Funding	\$15,272,110	8.3%	\$14,567,331	8.3%	\$704,779	9.6%
Unadjusted Federal Share	8,467,213	2.2	8,049,393	2.6	417,820	10.5
Adjusted Federal Share	8,977,915	12.4	8,502,361	12.3	475,554	16.2

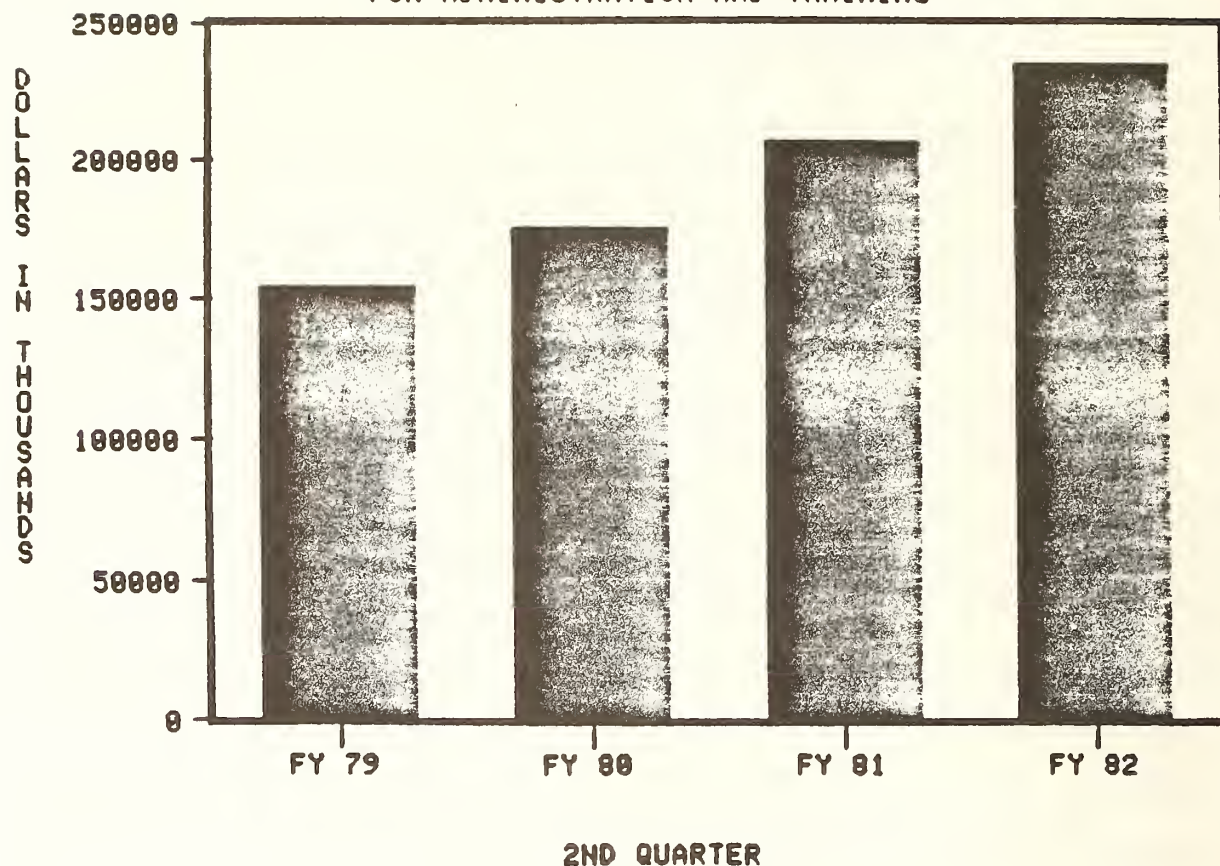
1/ Percent change from comparable period last fiscal year.

Source: Preliminary expenditure data from the HCFA Office of Program Administration

Chart B presents graphic information on the trends of the adjusted Federal share for A & T expenditures for the second quarters of fiscal years FY 1979 through FY 1982. Though second quarter A & T expenditures increased from year to year, the increase was not at a steady rate. In comparing A & T expenditures the FY 1980 figure of \$174,408,667 represents a 13.6 percent increase over the FY 1979 figure of \$153,431,435. Similarly, the FY 1981 figure rose to \$206,297,718, an increase of 18.3 percent over the previous year. FY 1982 expenditures increased 14.5 percent over the previous year to \$236,129,375. The disproportionate increase for FY 1981 over FY 1980 can be attributed primarily to the large A & T adjustments made during the FY 1981 second quarter.

CHART B

TRENDS IN ADJUSTED FEDERAL SHARE EXPENDITURES
FOR ADMINISTRATION AND TRAINING



In Table 5 the 54 Medicaid jurisdictions are listed in descending order based on their unadjusted total computable expenditures for A & T for the period October 1981 - March 1982. The third numeric column shows that 21 percent of the nation's unadjusted total computable expenditures for A & T were claimed as MMIS expenditures. Comparatively, the last column shows that a little more than 27 percent of the nation's unadjusted Federal share for A & T was related to MMIS expenditures during this time period. The latter percent is higher due to the higher Federal contribution matching rates applicable to MMIS expenditures, i.e., 90 percent of the costs of developing automated claims processing and management information systems and 75 percent of the costs of operating such systems. Of the total Federal share of MMIS expenditures, nearly \$20 million (17.4 percent) was for the design, development or installation of MMISs in 23 States, while over \$94 million (82.6 percent) was expended for the ongoing operations of approved MMISs in 36 States. Only one State, Alabama, claimed over 50 percent of its total unadjusted computable expenditures as MMIS expenses. Four States claimed over 50 percent of their unadjusted Federal shares as MMIS expenditures, i.e., Alabama (57.7 percent), Tennessee (57.4 percent), Wisconsin (54.2 percent) and New Jersey (50.7 percent).

TABLE 5
SELECTED DATA FOR ALL STATES BASED
ON TOTAL UNADJUSTED COMPUTABLE EXPENDITURES
FOR ADMINISTRATION AND TRAINING

October 1981 - March 1982

State	Unadjusted Total Computable Expenditures			Administration and Training	Unadjusted Federal Share			% Total MMIS A+T
	Administration and Training	MMIS	% MMIS A+T		Total	90% FFP	75% FFP	
United States 1/	\$704,782,937	\$147,740,672	21.0%	\$417,465,672	\$114,117,094	\$19,869,436	\$94,247,658	27.3%
New York	142,834,469	35,058,316	24.5	84,853,098	28,090,536	10,780,790	17,309,746	33.1
California	111,135,698	14,011,027	12.6	62,636,654	10,987,515	2,875,466	8,112,049	17.5
Texas	43,536,395	6,076,752	14.0	27,381,856	4,557,564	0	4,557,564	16.6
Pennsylvania	37,455,528	11,907,072	31.8	22,707,086	9,02,465	552,964	8,469,501	39.7
Illinois	29,343,840	401,243	1.4	15,265,450	361,119	361,119	0	2.4
Michigan	29,231,810	9,138,414	31.1	17,817,784	6,877,360	141,293	6,736,067	38.6
Ohio	20,350,632	3,345,270	16.4	11,284,654	2,508,953	0	2,508,953	22.2
Florida	16,175,679	5,991,410	37.0	10,560,204	4,493,558	0	4,493,558	42.6
Oklahoma	15,905,346	2,636,206	16.6	9,298,081	1,977,155	0	1,977,155	21.3
Massachusetts	15,479,691	1,126,285	7.3	8,426,617	924,886	481,029	443,857	11.0
New Jersey	14,645,969	7,000,549	47.8	10,359,030	5,250,412	0	5,250,412	50.7
North Carolina	14,519,582	3,978,936	27.4	8,310,444	2,984,202	0	2,984,202	35.9
Minnesota	13,122,270	2,069,108	15.8	7,384,263	1,551,831	0	1,551,831	21.0
Oregon	11,469,228	910,403	7.9	6,955,859	819,363	819,363	0	11.8
Washington	11,348,081	2,941,360	25.9	6,947,133	2,206,020	0	2,206,020	31.8
Kentucky	11,074,068	1,893,591	17.1	6,798,906	1,704,232	1,704,232	0	25.1
Virginia	11,046,573	3,201,123	29.0	6,595,466	2,401,594	4,509	2,397,085	36.4
Indiana	10,012,674	3,199,033	31.9	5,837,850	2,431,030	190,530	2,240,500	41.6
Wisconsin	10,010,410	4,698,858	46.9	6,501,006	3,524,144	0	3,524,144	54.2
Maryland	9,884,013	12,896	0.1	5,564,605	11,607	11,607	0	0.2
Louisiana	9,385,249	0	N/A	5,084,700	0	0	0	N/A
Connecticut	9,215,109	450,045	4.9	5,039,169	405,041	405,041	0	8.0
Georgia	9,172,788	3,126,733	34.1	6,165,013	2,345,050	0	2,345,050	38.0
Tennessee	6,761,825	3,278,825	48.5	4,287,315	2,459,119	0	2,459,119	57.4
Missouri	6,401,815	1,783,461	27.9	3,782,829	1,337,596	0	1,337,596	35.4
Iowa	5,968,418	1,230,880	20.6	3,424,262	923,160	0	923,160	27.0
Colorado	5,720,396	2,237,142	39.1	3,842,639	1,677,857	0	1,677,857	43.7
Alabama	5,313,773	2,837,278	53.4	3,715,856	2,143,485	93,154	2,050,331	57.7
District of Columbia	5,136,351	6,161	0.1	2,772,059	5,545	5,545	0	0.2
South Carolina	5,053,346	1,492,532	29.5	3,033,765	1,184,224	388,943	795,281	39.0
Arkansas	4,462,540	954,324	21.4	2,623,169	715,743	0	715,743	27.3
West Virginia	4,384,737	804,693	18.4	2,782,201	621,741	109,321	512,420	22.3
Nebraska	3,977,723	1,068,472	26.9	2,371,199	801,354	0	801,354	33.8
Kansas	3,891,332	663,486	17.1	2,262,335	497,615	0	497,615	22.0
Maine	3,837,910	1,334,591	34.8	2,339,537	1,034,399	200,731	833,668	44.2
Mississippi	3,834,711	1,455,300	38.0	2,467,575	1,111,861	122,312	989,549	45.1
Rhode Island	3,424,135	0	N/A	2,046,761	0	0	0	N/A
Utah	3,311,634	881,396	26.6	2,114,596	666,974	35,560	631,414	31.5
New Mexico	3,140,747	1,107,572	35.3	1,920,106	830,679	0	830,679	43.3
Vermont	2,755,414	969,837	35.2	1,871,738	800,152	436,640	363,512	42.7
Puerto Rico	2,741,012	0	N/A	1,244,275	0	0	0	N/A
Montana	2,483,371	0	N/A	1,379,496	0	0	0	N/A
North Dakota	2,447,647	363,818	14.9	1,456,055	272,864	0	272,864	18.7
Nevada	2,442,575	33,702	1.4	1,318,666	30,332	30,332	0	2.3
New Hampshire	2,429,018	786,710	32.4	1,504,410	590,033	0	590,033	39.2
Hawaii	2,161,520	839,645	38.8	1,345,077	629,734	0	629,734	46.8
Idaho	1,761,314	379,663	21.6	1,153,208	296,091	68,056	228,035	25.7
South Dakota	1,308,704	56,554	4.3	741,516	50,899	50,899	0	6.9
Alaska	1,248,864	0	N/A	711,620	0	0	0	N/A
Delaware	1,198,931	0	N/A	721,540	0	0	0	N/A
Wyoming	455,925	0	N/A	243,078	0	0	0	N/A
Virgin Islands	225,320	0	N/A	131,447	0	0	0	N/A
Guam	113,512	0	N/A	62,044	0	0	0	N/A
N. Mariana Islands	33,315	0	N/A	20,370	0	0	0	N/A

1/ Numbers may not add to totals due to rounding.
N/A Not applicable.

Source: Preliminary expenditure data from the HCFA Office of Program Administration

ANALYSIS OF POSSIBLE RELATIONSHIPS AMONG MEDICAID
CLAIMS WORKLOADS, CLAIMS PROCESSING TIMES
AND MMIS EXPENDITURES

CLAIMS WORKLOADS AND PROCESSING TIMES

Table 6 focuses on Medicaid claims volumes and average processing times for reporting States during the January-March 1982 quarter. ^{1/} Close examination of the table reveals that there does not appear to be any relationship between the two measures. This conclusion was verified by calculating a coefficient of linear correlation ($n = 38, r = .1377$)^{2/}. This is consistent with the finding made in a previous report covering the first quarter of fiscal year 1981.

^{1/} See Technical Note #1.

^{2/} See Technical Note #2.

TABLE 6

Number of Medicaid Claims Approved for Payment and Average
Processing Times for Reporting States

January-March 1982

<u>State</u>	<u>Claims Volume</u>	<u>Average Processing Time</u>
All Reporting States	82,687,127	17.0
California*	12,949,119	18.5
Illinois	9,252,502	25.5
Ohio	6,985,029	31.7
Michigan	6,778,479	18.2
Pennsylvania	5,882,706	12.7
Texas	4,835,011	10.8
New Jersey	3,329,053	8.1
Florida	3,097,719	12.7
Wisconsin	3,010,338	8.5
Georgia	2,360,390	17.4
Alabama	2,172,998	4.2
Minnesota	2,172,772	15.2
Missouri	2,043,025	18.7
Virginia	1,849,219	4.6
North Carolina	1,655,515	19.0
Washington	1,421,409	14.5
Mississippi	1,377,258	17.7
Arkansas	1,246,287	7.8
Iowa	1,048,508	15.5
Maryland	892,515	12.7
Hawaii	796,121	23.1
Maine	780,128	5.7
Kansas	763,980	4.5
Puerto Rico	702,515	**
District of Columbia	692,889	29.5
South Carolina	687,154	6.4
Oklahoma	671,628	14.6
Colorado	663,265	19.2
New Mexico	463,615	13.0
Nebraska	433,839	14.8
Utah	358,063	18.8
Idaho	232,724	13.2
North Dakota	211,672	17.6
Nevada	199,692	11.8
South Dakota	186,058	16.2
Delaware	166,054	13.1
Massachusetts***	29,567	9.9
Wyoming*	23,728	39.6
Virgin Islands	16,680	29.3

* Data submitted for January and February only.

** Data not submitted.

*** Massachusetts Commission for the Blind data only.

CLAIMS PROCESSING TIMES AND MMIS EXPENDITURES

In the first three issues of this report series several hypotheses were tested to determine if those States that process claims more expeditiously do so at a greater expense. Initially, a coefficient of linear correlation was calculated using average processing times and Federal share A & T expenditure data. It was tentatively determined that no statistically significant relationship existed between these two variables. Next, the analysis was refined by examining average processing times and expenditures for only the operation of MMISs, as it was felt this type of expenditure was a better approximation for claims processing costs. It was determined that no statistically significant relationship existed between these two sets of data. To further refine the analysis, average processing times and MMIS operating costs (excluding developmental costs) per claim approved for payment (hereafter referred to as quasi-unit cost) were examined. Again, the conclusion was reached that no statistically significant relationship existed between these two variables.

For the current quarter the relationships between average processing times and quasi-unit costs were tested for two sets of States--those MMIS States that employ fiscal agents to process all types of claims and those States that process all types of claims through in-house MMISs. In both cases no statistically significant relationship was found.

An overall analysis of the relationships between average processing times and quasi-unit costs was also performed using January-March 1982 data for all MMIS States, including those where both the State and the fiscal agent processed claims. In this case a weak positive linear correlation was found to exist. In other words, States having high average processing times generally also had high quasi-unit costs; States having low average processing times generally also had low quasi-unit costs.

Due to the conflict of these results with earlier findings, two more coefficients of correlation were calculated for the intervening quarters. For the July - September 1981 quarter data for 29 States were used to calculate the coefficient of linear correlation. This time no statistically significant relationship was found to exist between average processing times and quasi-unit costs. For the October -December 1981 quarter data for 31 States were examined, and again no statistically significant relationship was found. Therefore, although a statistically significant relationship exists between average processing times and quasi-unit costs for the current quarter (January -March 1982), this is not usually the case based on findings using data from October 1980 through December 1981. Future issues of this report will re-examine this topic to determine if the correlation found using this quarter's data signals the beginning of a trend.

TECHNICAL NOTES

1. Thirty-nine Medicaid jurisdictions submitted claims workload data and thirty-eight jurisdictions submitted processing time data for the second quarter of FY 1982. Only two of these did not submit data for all three months. California and Wyoming did not submit data for March 1982.
2. The technique selected to determine if a relationship exists between two variables, x and y, was to develop Pearson's product moment r (i.e., the coefficient of linear correlation).

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \cdot \sqrt{n(\sum y^2) - (\sum y)^2}}$$

3. Throughout the report adjusted expenditure figures are those where both State and Federal adjustments have been taken into account. State reported adjustments are collections received (third party liability, probate, overpayments, other collections), other expenditures, increasing claims from prior quarters and decreasing claims from prior quarters. Federal adjustments are deferrals, deferrals paid, disallowances, disallowances paid, suspensions paid and other adjustments.

DEFINITIONS

Claim Definitions

A claim is defined as a line item with an associated charge to be adjudicated, except for inpatient hospital services for which a claim is defined as a single hospital billing issued for a portion of, or all of, the inpatient hospital stay. Where a single hospital billing is comprised of more than one document, the billing is counted as a single claim. The following are examples illustrating how this definition applies to different types of claims.

Hospital Outpatient Claims - In most States, hospital outpatient claims are processed much like inpatient claims. That is, claims are essentially paid on the basis of the total presented charge, and a year-end cost report and settlement process is used to reconcile the charges to cost. In such States, the individual's paper claim, which may consist of more than one document, is treated as a single claim. In other States, hospital outpatient claims are paid on a fee for service basis, and each line item on the outpatient bill has an associated charge which must be separately adjudicated. In such States each line item is counted as a single claim.

SNF Claims - In some States, ledger-type billing forms are used for SNFs in which several patient names may appear on a single billing instrument. In such cases each patient entry is to be counted as a single claim.

Hospital Inpatient Claims - A single hospital billing issued for a portion of, or all of, the inpatient hospital stay is considered a hospital inpatient claim. Where a single hospital billing is comprised of more than one document, the billing is counted as a single claim.

Adjudicated for payment claims are those processed and approved for payment by the State, fiscal agent, or health insurance plan during the report period. Includes only claims which result in payments or in offsets to a provider's balance due to the State.

Claims Processing Time

The number of days from the date of receipt of the claim in the claims processing center to the date on which the claim is fully adjudicated and approved for payment.

Medical Assistance Payments

Those payments made for medical care by the State directly or on behalf of the State by a fiscal agent. Such payments may be in the form of per capita premium payments made to HMO's, other prepaid health plans, Medicare Part B for "buy-in" under Title XVIII and medical vendor payments.

Administration and Training Expenditures

Those expenditures associated with the operation of the Medicaid program in a State which may include the functional costs of eligibility determination, policy formulation, claims processing, and training, as well as salaries and employee benefits, equipment, supplies, postage, travel and fiscal agent costs.

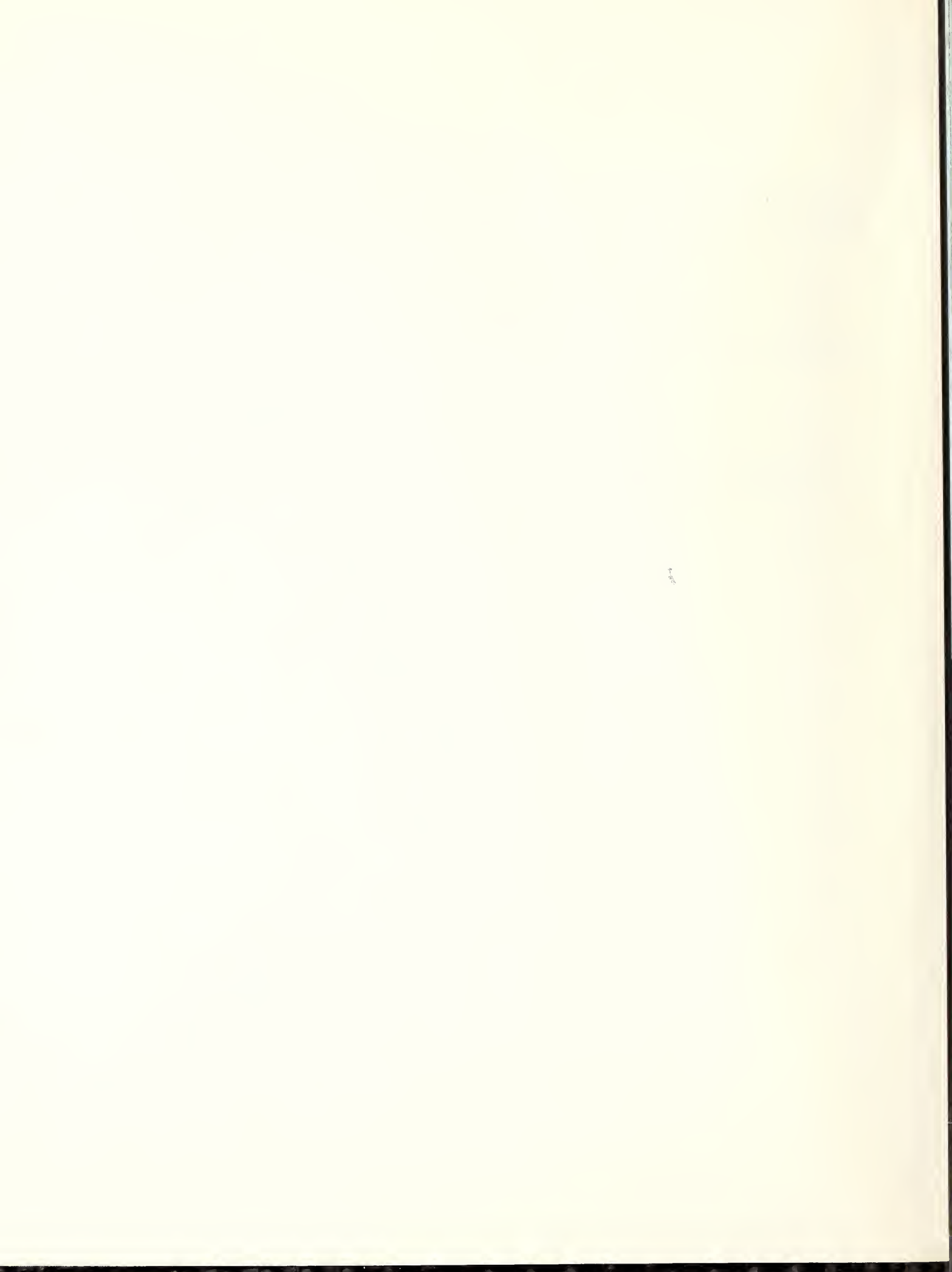
Total Unadjusted Expenditures Computable for Federal Funding

Expenditures made by a State Medicaid agency which are matchable by Federal funds under Title XIX.

Adjusted Federal Share

The Federal share of the total computable expenditures adjusted to reflect financial adjustments (both increasing and decreasing) from prior periods.

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